

Successes of Aldi and Lidl with baking stations

THE GERMAN WHOLESALE COOPERATIVE BÄKO HOSTS AN INDUSTRY CONGRESS EVERY AUTUMN. THE BAKING STATIONS AT THE DISCOUNT STORE ALDI SOUTH WERE AN INTERESTING TOPIC



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With around 400 participants, the 22nd Bäko Workshop in Bad Wildungen was well attended and with a total of 16 speakers it offered a program that was as comprehensive as it was varied. In addition to the keynote topic of “Corporate Responsibility”, the main focus of attention was placed on the remarks by Helmut Hübsch of the Market research group GfK. Hübsch gave a talk about Aldi South’s entry into the bake-off market with automated baking ovens. However, the actual bake-off process takes place behind a decoratively painted wall, so customers cannot see or assess it. Instead the customer orders by pushing a button, receives the dispensed goods a few minutes later and then can put them into a bag. According to the wording on the vending machine, pushing the button entails an obligation to purchase. The product prices are comparable to those paid in discount baker’s shops, and are 30 to 50% below the prices in artisan retailers.

The vending machine smells of freshly baked goods, but when and in what batches the baking actually takes place cannot be said with certainty. Experiments revealed that it was necessary to wait a varying length of time for the products to be dispensed, leading to the conclusion that several products are baked simultaneously rather than each being baked individually, and consequently the customer may also receive a cold product – as observed. Litigation currently being brought against Aldi by the German Bakers Confederation revolves around Aldi’s claim that the goods are freshly baked in the baking vending machines. In the meantime Lidl in Germany has also entered the baking stations’ business, but with a different concept. In this case

the product is freshly baked several times a day and displayed on shelves from which customers serve themselves. The prices are similar to Aldi’s.

As Hübsch explained, since starting just over a year ago the Aldi baking stations are achieving a volume fraction of 11.8% and a value fraction of 17.7% of Aldi South’s entire bread and roll product range.

On the other hand in September this year the more open version at Lidl, marketed since April 2010, had already reached a volume proportion of 37.4% of the bread and roll product range. In value terms, as much as 50.1% of the bread and roll sales in the Lidl branches implementing this concept is now attributable to goods from the baking stations. Hübsch also presented figures answering the question as to the source of the sales flowing into the baking stations:

	Aldi	Lidl
Cannibalising from their own point of sale	28%	21%
From bakers	31%	26%
From the remainder of the food retail	30%	34%
Including baking stations		
From Aldi and Lidl respectively	5%	14%

Taking both together, Aldi South and Lidl are achieving a market share of 3% with their baking stations this year, and the repeat buying rate of 63/64% shows that customer satisfaction with the products is high. +++

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